

Arizona Department of Administration, Procurement Compliance, Administration & Policy Office Publication

This publication is not intended or represented to be the official record of laws and regulations covered under statutes, A.R.S. 41-2501 et seq., and administrative rules and regulations A.A.C. R2-7-101 et seq., that constitute the Arizona Procurement Code ("Code"). In the event of a discrepancy between this publication and applicable statute and rule, statute and rule shall prevail.

PCAP Technical Bulletin No. 018 Revision No. N/A Proposal Evaluation Committees

I. Statement:

This technical bulletin is issued to provide guidance to procurement officers and proposal evaluation committee members on their roles and responsibilities.

II. Authority:

- R2-7-202 Delegation of Procurement Authority to State Governmental Units
- A.R.S. §41-2534 Competitive Sealed Proposals
- R2-7-C301 Competitive Sealed Proposals

III. Alternate document/publication resources:

- Arizona Procurement Code available at www.pcap.azdoa.gov and www.azeps.az.gov
- Agency procurement delegation acknowledgement document (on file at the agency and PCAP)

IV. Definitions:

- **Best Value Procurement:** The expected outcome of an acquisition that, in the State's estimation, provides the greatest overall benefit in response to the requirement. Best value, using competitive negotiated (RFP) procurements, describes the outcome that should be achieved by that process.
- **Clarification:** Written or oral communication with an offeror, including demonstrations, interviews or questions and answers, for the sole purpose of information gathering, eliminating minor informalities or correcting nonjudgmental mistakes in a proposal. **Clarification does not otherwise afford the offeror the opportunity to alter or change its initial proposal (offer).**
- **Competitive Range:** Competitive range means the range determined on the basis of the criteria stated in the solicitation and shall include all offers that have a reasonable chance of being selected for contract award.

- **Deficiency:** A material failure of a proposal to meet a solicitation requirement or a combination of significant weaknesses in a proposal that increases the risk of unsuccessful contract performance to an unacceptable level. If discussions are conducted, deficiencies shall be identified for offerors who are in the competitive range.
- **Discussions:** Oral or written negotiations between the State and an offeror during which information is exchanged about specifications, statement of work, terms and conditions and price (cost) set forth in the proposal. Communication with an offeror for the sole purpose of clarifications does not constitute "discussions" or "negotiations". Discussions provide the offeror with the opportunity to alter or change its proposal.
- **EPS:** "Enterprise Procurement Services" means state procurement office as defined in R2-7-101 (50)
- **Evaluation Committee Leader:** The person appointed by the procurement officer as leader of the proposal evaluation committee. The proposal evaluation committee leader shall ensure that all elements of the evaluation are coordinated, performed in an efficient and timely manner and the evaluation report for each proposal is logical and consistent.
- **Final Proposal Revision (FPR):** Offer revision submitted to the State, after discussions with offerors in the competitive range. If discussions are conducted, all offerors in the competitive range shall be given the opportunity for discussions and invited to submit an FPR. The FPR is also commonly referred to as a best and final offer or BAFO.
- **Procurement Officer:** Any person duly authorized to enter into and administer contracts and make written determinations with respect to the contracts. Includes an authorized representative acting within the limits of the authorized representative's authority.
- **SPIRIT** - The State's e-procurement system and website located at www.azeps.az.gov.
- **Strength:** A characteristic in an offer that exceeds the minimum standards of the solicitation or is comparatively superior to other offers.
- **Weakness:** A flaw in a proposal that increases the risk of unsuccessful contract performance or a characteristic of a proposal that is comparatively inferior to other offers. A "significant weakness" in the proposal is a flaw that appreciably increases the risk of unsuccessful contract performance. If discussions are conducted, significant weaknesses shall be discussed with offerors who are in the competitive range.

V. Overview:

By A.R.S. §41-2534 Competitive Sealed Proposals, paragraph (G), "The award shall be made to the responsible offeror whose proposal is determined in writing to be the most advantageous to this state taking into consideration the evaluation factors set forth in the request for proposals. No other factors or criteria may be used in the evaluation. The amount of any

applicable transaction privilege or use tax of a political subdivision of this state is not a factor in determining the most advantageous proposal. The contract file shall contain the basis on which the award is made".

VI. Discussion:

As A.R.S. §41-2534(G) states in part that "the award shall be made to the responsible offeror whose proposal is determined in writing to be the most advantageous to the state taking into consideration the evaluation factors set forth in the request for proposals". Although the contract is awarded by the procurement officer, for most procurements conducted as competitive sealed proposals, proposals are evaluated by an evaluation committee under the guidance of the procurement officer.

VII. Proposal Evaluation Committees:

- 1 **Purpose of the Proposal Evaluation Committee** - The purpose for the RFP evaluation/selection process is to select and recommend to the procurement Officer one or more proposals that are the most advantageous to the State, based on the evaluation factors set forth in the solicitation. The proposal evaluation committee has considerable flexibility and discretion in making its contract award recommendation provided the committee:

- 1.1 Conforms to the law;
 - 1.2 Makes reasonable recommendations based on the criteria contained in the solicitation;
 - 1.3 Provides a clear, concise and complete evaluation report representing the consensus of the evaluation committee;
 - 1.4 Is not arbitrary or capricious; and
 - 1.5 Does not abuse its discretion
- 1.5.1 The procurement officer is responsible for awarding the contract and may accept or reject the findings of the proposal evaluation committee or may return the committee findings for additional information or further evaluation.

- 2 **Duties of the Proposal Evaluation Committee** – The committee shall:

- 2.1 Recommend to the procurement officer whether or not discussions are necessary;
- 2.2 Recommend to the procurement officer whether or not proposals are in the competitive range and susceptible for award;
- 2.3 Recommend to the procurement officer proposals for contract award;
- 2.4 Recommend to the procurement officer canceling the solicitation, if in the best interest of the state;
- 2.5 Ensure that the evaluation process provides for an impartial, fair, equitable and comprehensive evaluation of each proposal.

- 3 **Composition of the Proposal Evaluation Committee** - The proposal evaluation committee is appointed by the procurement officer and shall be comprised of technical experts with knowledge, experience and understanding of the technical requirements. The evaluation committee should include a sufficient number of

members with expertise to address all evaluation factors. However, the committee should be limited to a manageable number for efficiency. Three to five members is sufficient for most evaluation committees.

- 4 **Confidentiality of the Evaluation** - The offers and the deliberations of the proposal evaluation committee are confidential until after the contract is awarded. The proposal evaluation committee acts as an autonomous body in reaching its findings and reporting to the procurement officer. Proposal evaluation committee members shall not discuss the contents of offers or evaluation proceedings with anyone, including supervisors until after the contract is awarded. If it is necessary to brief management or others on the evaluation of offers, the briefing shall be conducted by a procurement officer.

4.1 In those instances when technical or procedural advice is necessary, discussions with advisors may be permitted. Such discussions shall be approved in advance by the procurement officer and shall be limited as directed by the procurement officer.

4.2 Evaluators shall report any actual or potential contact with an offeror to the procurement officer and shall not discuss any matter relating to the RFP with an offeror without the approval of the procurement officer. Such discussions with offerors shall be conducted only with the entire proposal evaluation committee or a subcommittee of the proposal evaluation committee and the procurement officer present.

- 5 **Confidential Information in Offers** - Proposals are public record following award of the contract. Offerors may specify that certain information contained in the offer is a trade secret and therefore confidential. The procurement officer is responsible for screening offers for confidential information and determining whether or not the information is confidential.

VIII. Proposal Evaluation Process:

- 1 **General** – This section describes the major steps in the evaluation of proposals starting from receipt through the source selection decision including discussions (negotiations). **Proposals shall be evaluated fairly, comprehensively, consistently and impartially, using only the evaluation criteria contained in the solicitation.**

1.1 The proposal evaluation committee shall read and evaluate all proposals to determine whether or not each proposal is reasonably susceptible for award. Proposals may be eliminated from further consideration and before a more detailed evaluation if:

- 1.1.1 The proposal does not represent a reasonable effort to address the essential requirements of the Request for Proposal, or
- 1.1.2 The proposal otherwise demonstrates that the offeror does not understand the requirements of the solicitation.

1.2 The proposal evaluation committee shall report to the procurement officer in writing that it finds the proposal not susceptible for award and cite the specific reason. The Procurement officer shall prepare a written determination and notify the offeror. The determination and notification shall be recorded in detail in the procurement file.

1.3 Comments - This is an important step in the evaluation process. Continuing to evaluate proposals that are not susceptible for award provides unnecessary work for evaluators and is unfair to offerors. Eliminating and notifying offerors that are not susceptible for award as soon as possible in the evaluation process provides for an efficient evaluation process and releases offerors to pursue other business.

2 **Initial Evaluation** - The proposal evaluation committee shall evaluate each proposal by comparing the technical details of the proposal with the requirements stated in the RFP. Evaluators shall indicate the quality of each proposal characteristic in relation to the solicitation as a strength, weakness, significant weakness or deficiency. Evaluators should also identify ambiguities and unclear statements, missing information and other areas for clarification.

2.1 During the initial evaluation phase, evaluators shall compare the proposal with the requirements of the Request for Proposal and shall NOT compare proposals against each other. Evaluating proposals requires understanding the solicitation and the evaluation criteria. The proposal evaluation committee may meet and evaluate proposals together or evaluate proposals independently but the proposal evaluation committee should collaborate in preparing the committee report. The proposal evaluation committee may obtain assistance from advisors, with advance authorization of the procurement officer.

2.2 Comments – The purpose of the initial evaluation is to identify strengths and weaknesses for later discussion and not to rank or score proposals. Proposals are compared to the requirements stated in Request for Proposals and not to other proposals. The strengths, weaknesses and areas requiring clarification will be addressed during discussions.

3 **Evaluation Report** - The proposal evaluation committee shall prepare an initial evaluation report containing three distinct products:

- Identify proposals that are not susceptible for award, citing specific reasons for the determination;
- Identify strengths, weaknesses and deficiencies for each proposal that is susceptible for award; and
- Identify questions to clarify unclear statements, ambiguities and weaknesses in the proposal for discussions.

3.1 When using the EPS SPIRIT system, the initial evaluation is documented by each proposal evaluation committee member in a Proposal Evaluation Report (PER).

3.2 Comments – This report should represent the independent findings of each evaluation committee member. Individual notes and working papers belong to each evaluator and are not collected or retained for the procurement file.

4 **Clarification Requests** - Evaluators shall identify aspects of the proposals that require clarification. Clarifications may be requested to address proposal weaknesses or ambiguities, statements that are not clear or inadequate, minor mistakes and omissions and any other questions relating to the proposal. Clarifications do not give the offeror an opportunity to revise or modify its proposal.

4.1 The proposal evaluation committee shall identify and document all required clarifications. The Procurement officer shall provide offerors with a written request for clarifications and share the responses with the evaluation committee. Offeror presentations or interviews may be used to seek clarification of proposal weaknesses, deficiencies, and ambiguities and any portions of the proposal that may be unclear. If clarifications are requested during an oral presentation or interview, the Procurement officer shall request written confirmation of the clarifications from each offeror.

4.2 Comments – It may be difficult to discern whether a communication with offerors is a clarification or discussion. If there is any doubt, the communication should be treated as a discussion.

5 **Oral Presentations** - The purpose of oral presentations is to gain additional understanding of the proposals. Each offeror is permitted to present an overview of its proposal and highlight its strengths. When used, offerors selected for oral presentations will present to the entire proposal evaluation committee. To ensure objectivity, the proposal evaluation committee members shall attend all oral presentations or none of the presentations. Notes should be taken for each oral presentation by a proposal evaluation committee member appointed by the procurement officer. One set of presentation handouts should be retained in the procurement file.

5.1 Oral presentations supplement or support the facts presented in the proposal and should not be evaluated separately from the proposal.

6 **Competitive Range** – Competitive range means the range determined on the basis of the criteria stated in the solicitation and shall include all offers that have a reasonable chance of being selected for contract award. **The Procurement officer determines competitive range based on informed judgment.** All competitive range decisions shall be completely and adequately documented for the record. A proposal may be determined to be outside the competitive range if:

- It does not reasonably address the essential technical requirements of the solicitation;

- A substantial **technical** defect or deficiency is apparent in the proposal that would require rewriting the all or a large portion of technical proposal;
- The proposal contains **major technical or business deficiencies**, significant weaknesses or omissions that discussions with the offeror could not reasonably be expected to cure;
- Out-of-line costs. The procurement officer determines that price is unrealistic; or
- Compared to other proposals in the competitive range, the proposal does not have a reasonable chance of being selected for award.

6.1 Multiple competitive range determinations before requesting Final Proposal Revisions are acceptable. For example, a second competitive range determination may be appropriate after receiving responses to clarification requests.

6.2 For efficiency, the procurement officer may limit the number of proposals in the competitive range to the greatest number that will permit efficient competition among the most highly rated proposals. The procurement officer may not set an arbitrary standard or minimum score for inclusion in the competitive range. The procurement officer shall document the reason for competitive range decisions and shall notify all unsuccessful offerors within a reasonable time.

7. **Discussions** - Discussions are exchanges between the procurement officer and the offeror with the intent of allowing the offeror to revise its proposal. Discussions are negotiations and may be conducted through meetings or written exchanges. The primary purpose of discussions is to maximize the State's ability to achieve best value. Discussions should address specific aspects of the proposal and may address any aspect of the proposal, including specifications or scope, terms and conditions and price. Discussions are conducted only by the procurement officer. If required, the procurement officer shall select other discussion team members. The following guidelines apply to conducting discussions:

- Discussions must not reveal any information contained in a proposal to another offeror.
- "Auctioning" techniques, such as using one proposal to leverage improvements to another shall not be used. For example, the government cannot suggest that a proposed price is higher than that of a competitor or suggest a solution that is contained in another proposal.
- If discussions are held with one offeror, discussions must be held with all offerors in the competitive range.
- The government cannot materially alter its requirements through negotiations.
- If discussions are conducted, each offeror who is in the competitive range should be advised of its proposal deficiencies and significant weaknesses.

8. **Final Proposal Revision** - (also called Best and Final Offer or BAFO). The procurement officer issues a request for FPR to all offerors in the competitive range, following discussions. The request shall include:

- Notice that discussions/negotiations are concluded;
- Notice that the offeror has the opportunity to submit an FPR;
- A common cutoff date and time allowing a reasonable opportunity for submission of FPRs (BAFOs); and
- Notice that the previous offer will remain unchanged if an FPR is not timely submitted to the Procurement officer.

If discussions are reopened, the procurement officer shall issue a new notice and request for FPR's to all offerors still being evaluated.

9. **Price or Cost Analysis** – It is the responsibility of the procurement officer to determine how cost or price is evaluated. Price or cost may be evaluated by the proposal evaluation committee, an evaluation subcommittee, advisors or the procurement officer. Price or cost may be evaluated in a number of different ways, provided that the method is reasonable and adequately explained in the RFP. For example, best value analysis rewards the proposal that offers the best value and not necessarily the lowest price. A price or cost analysis report shall be included as a part of or as an attachment to the Final Proposal Evaluation Committee Report.

10. **Final Evaluation Committee Report** - After evaluation of the FPRs and consideration of the proposal evaluation committee recommendations, the procurement officer selects the source whose offer is most advantageous to the State, considering price and other factors included in the solicitation.

The purpose for the preliminary evaluation phases is to screen proposals to identify strengths and weaknesses and to determine susceptibility for award based on comparing proposals to the Request for Proposal requirements. It is appropriate in the final evaluation phase to compare proposals with each other to determine the most advantageous offer.

The proposal evaluation committee shall analyze and report relevant information resulting from the evaluation of proposals and other considerations to support a final selection decision. The proposal evaluation committee is responsible for the written evaluation report and recommendation. This report shall be forwarded to the procurement officer. The report shall portray, in narrative form, the results (consensus) of the proposal evaluations as well as the results of the final discussions, FRP and other considerations. A cost (price) evaluation summary shall be provided to the proposal evaluation committee after final pricing, including FPR's has been received and analyzed.

IX. Proposal Evaluation Committee Guidelines:

General – This section provides the most important evaluation committee guidelines and etiquette that shall be applied during the Request for Proposal process.

1. Proposal evaluation committee members shall sign conflict of interest and non-disclosure statements before viewing proposals.

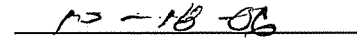
2. Evaluators shall read each proposal separately and completely.
3. Evaluators shall apply the evaluation factors, sub factors and elements only against the evaluation criteria stated in the Request for Proposal. The evaluation criteria may not be changed after proposals are received.
4. During the initial evaluation of proposals, evaluators shall not compare proposals against other proposals. The purpose of the initial evaluation is to identify strengths and weaknesses and areas for clarification. In comparing proposals, evaluators risk transfusing proposal information from one proposal to another.
5. Evaluators are personally responsible for safeguarding the proposals, information contained in the proposals and any notes relating to the proposals. This information shall not be given to anyone outside the proposal evaluation committee, including the evaluator's supervisor.
6. Any findings on technical acceptability or merit must be based solely on the requirements of the solicitation. Any recommendations and conclusions shall be factually supported by stated facts.
7. The proposal evaluation committee report shall be updated following each evaluation phase, including oral presentations, clarifications, discussions and final proposal revisions.
8. Evaluators shall communicate with offerors only through or with the prior permission of the procurement officer. This includes clarifications, fact finding, presentations, questions, and discussions/negotiations. It may be necessary for an evaluator to communicate with offerors regarding issues that are not related to the Request for Proposal or the offerors proposal. The evaluator shall report this communication to the procurement officer.
9. After completing all independent evaluations, the proposal evaluation committee shall prepare a narrative consensus evaluation committee report with recommendations. The report shall explain the basis for the recommendations and shall be submitted to the procurement officer (EPS SPIRIT PER).
10. Proposals are normally evaluated at least twice, first after proposals are received and last after FPR's are received. Other evaluation rounds may be performed after clarifications, discussions and presentations.
11. The procurement officer shall meet with the proposal evaluation committee after the evaluation is completed. If there are any proposals that are determined not reasonably susceptible for award or not in the competitive range, the procurement officer shall write a letter to the offeror explaining why the proposal is unacceptable. The reasons shall be based on the assessment of the evaluation committee.
12. Each evaluation committee member shall sign the proposal evaluation committee report.

13. Although scoring, ranking and other evaluation methods are acceptable, the proposal evaluation report must contain a narrative, clearly describing the basis of the award decision.
14. Any communication regarding the selection process and contract award shall be coordinated through the procurement officer. Individual evaluators should not discuss the selection process with offerors. Any public notices or announcements regarding the procurement should be reviewed by the procurement officer prior to release.

John O. Adler, CPO



State Procurement Administrator



Effective Date